LECs must file actual and projected BFP revenue requirements on a per-line basis for each tariff year (between 1991 and 1996) and explain any differences between actuals and projections.[40]

Response
See Exhibit 14. The differences depicted in Exhibit 14 are a direct result of the underlying BFP and Access Line actuals and forecasts. A higher than actual BFP forecast drives SLCs up and CCL down. A lower than actual BFP forecast drives SLCs down and CCL up. Alternatively, a high access line forecast drives SLCs down and CCL up. A lower access line forecast drives SLCs up and CCL down. Opposing BFP and access line forecasts (one low and one high) have a moderating effect on the variance between forecast and actual BFP per lines. Tandem forecasting (both high or both low) contribute to a greater variance.

Issue/Submission No. 27
The Commission seeks comment on the "R" adjustment used by Aliant and proposed by AT&T, particularly their use of growth rates in LECs' local switching revenue growth rates to calculate the exogenous cost adjustment. The Commission also seeks comment on whether an "R" adjustment related to the reversal of the equal access expense is or is not similar to reversal of sharing obligations.[41]

Response
The "R" adjustment proposed by AT&T and used by Aliant is an inappropriate method for the removal of equal access cost recovery from price cap indices. "R" values are base period revenues (previous year's demand times current rate) used for spreading exogenous costs to baskets and, consequently, adjusting the PCI. Commenters suggest adjusting the original exogenous costs in the same manner as sharing adjustments. Since sharing is an adjustment for prices that caused a company's rate of return to exceed accepted levels, an adjustment to the "R" value is appropriate. It should be noted, however, that when sharing is reversed in the subsequent period and the PCI increased, demand growth is also taken into account, a symmetry that distinguishes the sharing mechanism from other exogenous adjustments.

Sharing, in fact, is not an exogenous cost adjustment. The Commission has special rules for the calculation of the amount for sharing and reversal of

[40] Id. ¶ 34.

[41] Id. ¶ 42.

sharing in the following year. It even dictates the calculation of the rate of return for the LEC during the year sharing is in effect. Equal Access Cost Recovery is not similar to the sharing adjustment. Therefore, an "R" value adjustment is not justified in that case.

In addition, the costs for equal access cost recovery are associated with a particular time period, costs that will be adjusted in the Price Cap model through an exogenous change, costs that do not change with demand. Such an exogenous adjustment does not have a direct relationship to "R" values. If a carrier priced to its cap, then these exogenous costs would have some impact on revenues and correspondingly on "R". However, if a carrier prices below the cap, then the impact of exogenous adjustments on "R" values is uncertain. Over the years, U S WEST has often been priced below cap. And, in any case, the impact of those exogenous adjustments would not account for all the changes in "R" values. Ascertaining the impact of equal access cost recovery in the overall scheme of things is further complicated by the changes in price cap methodology over the years. This is another reason the "R" value adjustment is not justified.

Past exogenous cost changes simply adjusted the PCI to reflect the original dollar impact on a going-forward basis when the adjustments were made close to the time when the adjustment should have been made. U S WEST has used essentially the same methodology in adjusting its PCIs to remove the effects of reserve deficiency amortization and inside wiring costs, examples that the Commission relied upon to support its conclusion that it should order the removal of the equal access cost recovery. The Commission has always accepted a straight exogenous change equal to the base amount. In this case, the lag in resolution of this issue makes it appropriate to reduce the Equal Access Cost Recovery amount by the change of the Price Cap Index ("PCI") since the liability was incurred, as recommended by AT&T in its Comments, Appendix F in the Access Reform proceeding.

The Commission cannot capriciously choose to change methodologies for exogenous adjustments such as OPEB, reserve deficiency amortization, inside wiring costs, pay telephone compliance, equal access cost recovery, etc., to address a short-term goal. LECs need to be able to plan in a competitive environment that does not include regulatory caprice. There are already a host of variables and surprises (unbundling, interconnection, local competition, shared transport, announcements of competitors firm plans to enter the local market, announcements of delays in those plans or total reversal of plans, etc.) affecting the futures of LECs without adding regulatory caprice.

U S WEST has identified the equal access costs reflected in its price cap index and has made an exogenous adjustment to remove those identified costs as the Commission's Access Charge Reform Order requires.

Issue/Submission No. 28

The Commission seeks comment on alternative proposals for measuring the downward exogenous cost true-up adjustment that LECs are required to make to account for the completion of the amortization of equal access non-capitalized expenses. The Commission also seeks comment on whether it should prescribe the particular methodology for removing these costs or whether LECs should be allowed to use any reasonable method that completely removes the amortized equal access expenses from their rates.[42]

Response

U S WEST recommends that the Commission rely on precedent, a simple exogenous adjustment of the identified equal access cost amount adjusted for the change in PCI, as used by the majority of LECs.

Issue/Submission No. 29

U S WEST is directed to submit data on the local switching revenue in its traffic sensitive basket as reflected in its initial price cap filing.[43]

Response

See Exhibit 15.

Issue/Submission No. 30

Explain and document the process by which U S WEST separates its OB&C expense between the intrastate and interstate jurisdictions. Also, explain and document the process by which U S WEST uses to separate the corresponding revenues, Carrier Billing and Collection Revenues.[44]

Response

See Exhibit No. 16A through 16G.

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[42] Id.

[43] Id. ¶ 43.

[44] Id. ¶ 50.

OB&C expenses are assigned to the jurisdictions in a variety of ways. User counts for directory and exchange are used in relationship to total users to assign the expenses to the local jurisdiction. Private Line expenses are allocated with private line user counts. Toll OB&C expenses are separated with messages. A portion of intraLATA expenses are identified by our accounting records as either state or interstate. These intraLATA expenses are directly assigned to the appropriate jurisdiction. This interpretation is consistent with the Commission's rules (Sections 36.380 and 36.2(e)).

Carrier Billing and Collection Revenues are separated according to the process described in Response No. 39 below.

Issue/Submission No. 31

Explain and document the procedures that U S WEST used for computing separated interstate OB&C expense for calendar years 1990 and 1996. Explain and document this process for the intervening years, 1991 through 1995, to provide a basis for evaluating the reasonableness of the transition from 1990 procedures to 1996 procedures.[45]

Response

U S WEST separates OB&C expenses to the interstate jurisdiction following the Commission's rules. The company has followed the same process from January 1990 until the OB&C rules changed for allocating these costs on April 30, 1997. Users are collected monthly in the categories specified by Part 36.380(b) by study area. OB&C expenses for billing services provided by another carrier to U S WEST are identified and directly assigned to the appropriate jurisdiction (mostly intrastate). U S WEST spreads the remaining OB&C expenses to the Toll, Exchange and Private Line categories based on a relationship of each category of users to the total users. Messages are used as the basis of allocating the Toll expenses to the jurisdictions. Private line users are used to apportion the related private line cost. Directory advertising and exchange expenses are assigned to the exchange operation.

U S WEST asserts that the allocation process used in the past (1990-April 1997) is accurate. The justification for directly assigning some of these costs to the intrastate intraLATA and interstate intraLATA jurisdictions is in the Commission's rules. Part 36.2 (e) is the justification of this assignment. These expenses are "costs associated with services or plant billed to another

[45] Id. ¶ 51.

company which have once been separated under procedures consistent with general principles set forth in this part, and are thus identifiable as entirely interstate or State in nature, shall be directly assigned to the appropriate operation and jurisdiction." In this instance, other independent LECs ("ILEC") render bills to U S WEST for performing billing functions associated with various settlement plans. The bills, issued to U S WEST, designate the jurisdiction of the expenses and accounting books these expenses accordingly. These charges are associated with traffic between the ILEC and U S WEST's serving territory. The ILEC charges U S WEST for billing functions. These expenses fit the criteria established by the Commission, since the expenses are directly associated with a jurisdiction by another company (ILEC) which is subject to the separations rules. These expenses have nothing to do with billing the SLC.

U S WEST used a relationship of End User Revenues to Total Revenues to assign the portion of OB&C expenses, excluding the directly assigned expense, to the BFP for 1990 through 1994. On January 1, 1995 the Company changed to a 5% BFP assignment, excluding direct assignments. This is consistent with matching company costs with the revenues generated by this service and is certainly within the Commission's 5% guideline.

In the Order on Reconsideration[46] the Commission provided guidance for cost assignment and the Commission believes that absent specific Part 36 rules that general jurisdictional separations rules apply. The Commission also believes that absent specific rules that a surrogate could be applied.
U S WEST believed that costs should follow cost recovery and concluded a 5% assignment used for tariff purposes should also be used for Part 36 cost assignment.

Additionally, the Commission ordered a 5% assignment of the OB&C expense to the SLC.[47] This method suggested by the Joint Board is more justification for U S WEST's past practices.

Assignments of OB&C costs to the interstate jurisdiction are under scrutiny in this Order. Billing and Collection is a detariffed service and has been since Price Cap inception. Neither the IXCs nor the end users have been harmed by U S WEST's interstate assignment practices.

An exogenous cost change is appropriate for the movement from the pre April 30, 1997 to the post April 30, 1997 rule change because of the consistency of

[46] Order on Reconsideration, 11 FCC Rcd. at 4089 ¶ 11.

[47] In the Matter of Amendment of Part 36 of The Commission's Rules and Establishment of a Joint Board, Report and Order, 12 FCC Rcd. 2679 ¶ 1 (1997).

the portion assigned to the end user and billing and collection element in both years. U S WEST was extremely consistent with cost assignment to the Common Line BFP in 1990 and 1996.[48] Additionally, the cost assignment for 1997 excluding the direct assigned expenses, should be approximately the same as 1996. Actually U S WEST understated this exogenous cost change in the original 1997 Access Tariff filing due to a program error which moved the assignment of end-user charges from 5% to less than 2%.

Exhibits 16A through 16G documents the procedures used to assign the OB&C expenses for 1990 through 1996.

Issue/Submission No. 32

Provide the user counts for calendar years 1990-96 (both at a holding company level and COSA level) that U S WEST used as a basis for allocating OB&C expense among the service categories prescribed by Section 36.380(b) of the Commission's rules. Show these counts for the following service categories: message toll telephone, exchange including semi-public, directory advertising, and private line.[49]

Response

User counts for 1990 through 1996 for U S WEST study areas are documented on pages 1 and 2 for 1990 through 1996 of Exhibit 17. User count documentation is provided for Arizona on pages 4 through 13 and page 3 documents the inputs of these Arizona 1996 counts into the Part 36 system. January actual counts are used in February, February counts are used in March, etc. Inputs for Arizona for January could not be located although these counts trend with subsequent months. Directory advertising counts are included in the exchange counts. This is documented in the Arizona example.

Issue/Submission No. 33

Explain the process by which users were counted for jurisdictional separations purposes during the seven year period (i.e., 1990-96). Explain the assumptions and methodologies that were used.[50]

[48] Using the ARMIS 43-04 report, Rows 7258 and 7259 for 1990 and 1996 indicates a BFP assignment 3.7% and 3.6% respectively of total OB&C expenses.

[49] Investigation Order ¶ 51(a).

[50] Id. ¶ 51(b).

Response

In accordance with 47 C.F.R. § 36.380 OB&C expense users are segregated into five components: Message toll telephone and telegram (excluding semi-public where tolls are not itemized on the bill); TWX; exchange including semi-public; directory advertising; and private line services. An individual customer is counted once for each class of service which it uses. If a customer makes toll telephone calls, it would be counted once for toll and once for exchange in the user count.

Since 1990 U S WEST has followed Part 36.380 rules to identify the five user components. WATS components are separately identified in the program but were summarized with message toll telephone counts. Within U S WEST each of these components may be included in one bill. As an example, if one resident customer with local service has a number of toll calls on the monthly phone bill, the user count would show two specific counts: one for local and one for the toll calls. Another example would be a business customer with local service, a number of toll calls, directory advertising and a private line for data transmission. In our user count we would show four specific counts in this scenario: one for local, one for the toll calls, one for directory advertising and one for the private line.

U S WEST has designed a computer system that identifies each of these six components for each study area. This program identifies the billed end user data to get the user counts for each line of usage for each bill period. It accumulates this data by bill period to produce a monthly report. The end user billing counts are based on journal codes to identify these six categories. This data is segregated into Toll and Telegram, WATS and Private Line user counts. These counts are input into Part 36 Separations. The total end user bill count is input, however it is netted with Toll, WATS and Private Line to produce the Local user counts. This local user count includes Exchange, Directory Advertising and Local user counts. These counts are used to allocate the billing and collection costs to the jurisdictions.

Exhibit 17, page 4 provides the January, 1996 Arizona user counts by component. Line 12 of this form shows 637,020 user counts for Toll, Line 17 shows 31,770 user counts for WATS, Line 23 through Line 26 show 25,010 user counts for Private Line and Line 2, Line 4 and Line 27 show 2,373,788 user counts for Local. The total user counts for the month of January, 1996 is 3,067,588.

Issue/Submission No. 34

Identify and explain any discrepancies that exist between the user counts provided in Response No. 32 above and those that were reported in ARMIS

Report 43-04. Also, identify and explain any discrepancies that exist between the 1990 user counts provided in Response No. 32 above and those that were used to calculate interstate costs when U S WEST converted from cost of service to price cap regulation.[51]

Response

U S WEST made a mistake when summarizing user counts for 1990 ARMIS reporting purposes. The 1990 user counts represented on the ARMIS report are a total of the user counts for the twelve month period. ARMIS requires an average and the analyst failed to average the counts prior to reporting in ARMIS.

The costs were assigned correctly in 1990 when U S WEST converted from cost of service to price cap regulation. This was an ARMIS clerical mistake and not a Part 36 cost allocation issue.

U S WEST is not aware of other discrepancies.

Issue/Submission No. 35

Provide message counts used in allocating the message toll portion of OB&C expense between the interstate and intrastate jurisdictions.[52]

Response

See Exhibit 18. ARMIS is a summary of the message counts used in the Part 36 process.

Issue/Submission No. 36

Explain the process by which messages were counted for jurisdictional separations purposes during the 1990-96 period, including the assumptions and the methodology.[53]

Response

Message counts are used to determine the Interstate detariffed portion of the OB&C expenses and have little relevance to the exogenous cost change submitted for the 1997 Access Tariff filing.

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[51] Id. ¶ 51(c).

[52] Id. ¶ 51(d).

[53] Id. ¶ 51(e).

U S WEST used message counts from the MA9 document to separate the Toll portion of OB&C expenses for 1990 through February 1994. Messages were collected monthly and input into the separations process.

These counts included WATS, 800, Message Toll, Directory Assistance, Optional Calling and Dial It. This count of messages included counts for both the state and interstate jurisdictions.

U S WEST realized that the count of messages appearing on the MA 9 was incomplete. Beginning with March 1994, a surrogate methodology was used to determine messages. The surrogate method used minutes of use by jurisdiction, divided by the sample holding time for the respective jurisdictions, to develop surrogate messages for apportioning the toll portion of these expenses.

The assumption was messages using either methodology were representative of the messages appearing on the customers bills.

Exhibit No. 19, Page 1 explains the method used during the period under investigation. Pages 2 and 3 provide documentation for the pre March 1994 method. January 1994 for Arizona is provided as documentation. Pages 5, 6 and 7 demonstrate the method used for March forward.

Messages appearing on a customer's bill have not been identified in all instances. This is the case with invoice ready billings where U S WEST does not bill by the message, and does not count messages. Several U S WEST customers have contracts for this type of billing. U S WEST bills these carriers by the number of end user bills rendered without regards to the quantity of messages on the bill. In any event, the process of counting messages is inherently inaccurate. The entire universe of counts is unavailable to the company for the period in question.

In the world of Access, messages are inaccurate by nature. U S WEST has no way of telling if a Feature Group A and B call results in a message and neither does the Interexchange carrier because of the difficulties in determining when the called party answers. Also U S WEST does not know the jurisdiction of the message but has to rely on Percent Interstate Usage factors which introduces another degree of inaccuracy.

A simple chart shows the reasonableness of U S WEST method used to assign the Toll portion of OB&C to interstate using the actual access message counts found in Exhibit 20.

<u>1995</u>

1.	Interstate Sample Messages	Exhibit 20, pg.1	453,553,006
2.	Intrastate Access Messages	Exhibit 20, pg.1	159,900,993
3.	% State Toll of State Access	Company Rec.	1.04%
4.	Estimated Intrastate Toll	Line 2 x Line 3	166,297,033
5.	Total	Lines 1 + 2 + 4	779,752,032
6.	% Interstate Estimated	Line 1/ Line 5	58%
7.	% Interstate Actual	Exhibit 18	59%
			2648601/4473061

In conclusion, U S WEST assigned 59% of the toll portion of these expenses to the interstate jurisdiction and sample message counts result in a 58% assignment. Of the total OB&C expenses, the interstate detariffed assignment was approximately 16%, in 1990, and 20%, in 1996.[54] This assignment is certainly less than the 33.3% interstate assignment ordered by the Commission effective in 1997.

Issue/Submission No. 37

If the message counts in Response No. 35 above exclude some toll messages that appear on customer bills, provide the counts for the excluded messages and explain why these message counts were not included in the allocation factor used for separating the toll message portion of OB&C expense.[55]

Response

U S WEST used the surrogate method described in Response No. 36 to determine message counts.

Issue/Submission No. 38

Identify and explain any discrepancies that exist between the message counts provided in Response No. 35 and those that were reported in ARMIS Report 43-04.[56]

Response

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[54] ARMIS 43-04, U S WEST Total, Row 7259 column d divided by column b for the respective years.

[55] Investigation Order ¶ 51(f).

[56] Id. ¶ 51(g).

U S WEST is not aware of any discrepancies that exist in the message counts.

Issue/Submission No. 39

Explain and document how Carrier Billing and Collection Revenue was jurisdictionally separated during the 1990-96 period. If this revenue was separated based on message toll counts, identify these counts.[57]

Response

U S WEST receives messages in an Expanded Message Record ("EMR") format for Billing and Collection services from a carrier. U S WEST processes these messages which appear on an end-user's bill. During processing, in the Customer Records Information System ("CRIS"), a settlement code field is identified on the EMR. This field contains jurisdictional booking information. U S WEST uses this settlement code information to recognize and book the associated B&C revenue by jurisdiction. Other miscellaneous charges, such as tape processing, are apportioned by a Percent Interstate Usage ("PIU").

One exception is the print-ready or invoice-ready process. This is a service where the charge for a bill rendering count is recognized. U S WEST's CRIS program reads the bill to determine if it has interstate or intrastate messages by the settlement code field identified on the EMR. U S WEST does not count those messages, but counts that bill as either an interstate bill or an intrastate bill and the B&C revenues are booked accordingly. For those end user bills that are mixed bills (contain interstate and intrastate messages), U S WEST develops a PIU from the interstate and intrastate bills. This PIU is used to journal the B&C revenue generated by the mixed bills. U S WEST does not count messages on the mixed bills.

Casual traffic associated with invoice ready and print ready customers, which is billed on a per message basis by U S WEST, uses the settlement code field identifier to determine the jurisdiction for the booked revenue.

See Exhibit No. 20 for Access message counts for 1995 through July 1997. Considerable time, effort and programming expense are required to retrieve messages for other years and cannot be retrieved given the short turn around. For these reasons message counts are incomplete for this submission.

[57] Id. ¶ 51(h).

Issue/Submission No. 40
U S WEST should explain any instances where OB&C expense has not been categorized or apportioned according to the prescribed factors and revise separations results to reflect appropriate use of the prescribed factors.[58]

Response
U S WEST is not aware of any instance where OB&C expense has not been categorized or apportioned correctly.

Issue/Submission No. 41
Provide any message counts or user counts that U S WEST uses as a basis of allocation which remain constant from one year to the next and explain why.[59]

Response
U S WEST does not use a constant count of users or messages from year to year. Monthly counts are used. If user counts are not available for a month, a prior month may be used. The use of prior month user counts is atypical.

Issue/Submission No. 42
Provide work papers showing the OB&C exogenous change contained in U S WEST's 1997 Price Cap filing and provide corrected calculations if any are discovered in the 1997 filing.[60]

Response
U S WEST used an incorrect method to determine the exogenous cost change. In fact the exogenous cost change should have been higher.

Documentation is provided for Minnesota which is the same method used to determine the exogenous cost change for all U S WEST study areas. Exhibit 21, Page 1, line 3e indicates a $19,170 assignment of OB&C expenses to the BFP in the data underlying the tariff exogenous change for Minnesota for August of 1996. This assignment actually should have been $54,634 or 5% of

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[58] Id. ¶ 51(i).

[59] Id. ¶ 52(a).

[60] Id. ¶ 52(b).

the Billing and collection costs located on line 1a. Additionally a program mistake assigned one-third of the Carrier Access Billing and Collection Charges, per Section 36.381 instead of 50% of these costs to the interstate jurisdiction. Exhibit 21, page 2 is Part 36 system documentation and page 3 is the revenue requirement underlying the exogenous cost changes for U S WEST.

Corrected calculations of the exogenous cost change are completely documented in Exhibit 22. U S WEST actually under stated the cost change and this understatement is located on Page 1. The total understatement is $3,762,453. This annual amount was determined by modeling the change in all states for the month of July 1996 and multiplying the result by twelve.

U S WEST prepared Exhibit 23 to demonstrate the methodology used to produce the revised exogenous cost change. Arizona is provided, as an example. Page 1 of the exhibit provides an easy to follow summary. Page 2 is the revenue requirement summary for all states. Page 3 through 21 provide system documentation of the Arizona change due to the revised rules which assign one-third of the expenses to interstate. Pages 22 through 40 is the Arizona base case using rules in effect prior to the one-third rule change.

An example, the BFP revenue requirement change for Arizona was determined using pages 16 and 35. Line 5, column (d), page 35 was subtracted from Line 5, column (d), page 16 to determine the cost impact of $47,740. This value is located on Exhibit 22, Arizona, column a.

Issue/Submission No. 43

U S WEST is required to explain why the share of user counts attributed to message toll users decreased by 14 percent in 1995 (see ARMIS Report, 1994-95, Row 7241).[61]

Response

In the first quarter of 1995, a carrier decided to take responsibility for the billing of their major business customers. This accounts for the 14% decrease in 1995 ARMIS user counts.

Issue/Submission No. 44

U S WEST is required to explain why it is reasonable to make an OB&C exogenous adjustment of $845,145 to recover additional interstate expense incurred during the two-month period between May 1 and July 1, 1997.[62]

[61] Id. ¶ 60.

[62] Id.

Response
The $845,145 is the revenue recovery for the period from May 1, 1997 through June 30, 1997. Although the revenue requirement amount is questioned by the Commission, several of the other companies recovered an exogenous cost change due to the OB&C rule change which was effective on May 1, 1997, these companies filed tariff changes to become effective in May. U S WEST should not be treated differently because it chose to recover these costs in a later filing. In fact, U S WEST delayed the implementation for efficiency reasons so as not to burden the Commission and the Company with another filing during the heavy annual filing period with its multiple filing requirements. The Commission should allow U S WEST to recover these costs.

Additionally, the Commission has allowed and ordered true-ups for exogenous cost changes which were not adequately forecasted by the National Exchange Carrier Association for Long Term Support, U S WEST's TRS contribution recovery, regulatory fees, etc. Inaccurate forecasts are a reality in the business world and the Commission has a mechanism in place to allow for corrections. This process allows for recovery over the remaining months of the tariff. Since the timing of the cost change straddled two tariff periods, the recovery should not be treated differently. U S WEST will voluntarily correct the access filing for the inaccuracies in the number but recovery should be allowed over the remaining months of the new tariff.
U S WEST understands the importance of accurately reflecting these cost changes in Tariff filings. This was a temporary exogenous cost change in the filing and will be reversed in the July 1998 access tariff filing. The correction will reflect a lower exogenous cost.

Issue/Submission No. 45
U S WEST should provide corrected message toll user counts for 1990.[63]

Response
See Exhibit 17.

Issue/Submission No. 46
U S WEST should explain whether it used incorrect message toll user counts in calculating its interstate OB&C expenses in establishing its price caps.[64]

Response

[63] Id. ¶ 61.

[64] Id.

Referring to U S WEST response to Issue/Submission No. 34, U S WEST did not use incorrect counts when establishing its price caps.

III. CONCLUSION

As the foregoing demonstrates, U S WEST's EUCL rates and carrier common line rates were calculated using BFP and access line forecasts which were not unreasonable. Similarly, U S WEST's treatment of OB&C expenses and equal access exogenous cost adjustments was reasonable and fully complied with the Commission's Price Cap rules. As such, the Commission should terminate its investigation into U S WEST's Annual Access filing and allow the rates in Transmittal No. 847 to remain in effect as filed and updated for the OB&C corrections.

Respectfully submitted,

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September 2, 1997

Actual Calendar Year BFP Revenue Requirement

Source ARMIS 43-01

Row	Column	Description	4Q91
1190	K	Total Operating Expenses	500,878
1290	K	Other Operating Income and Losses	65
1390	K	Total Non-Operating Items	2,118
1510	K	Fixed Charges	54,704
1520	K	IRS Income Adjustments	15,350
1530	K	FCC Taxable Income Adjustments	2,042
1540	K	ITC Amortization	14,820
1550	K	FCC ITC Adjustment	0
1910	K	Average Net Investment	1,564,254
1040	M	Miscellaneous Revenues	20,508
1060	M	Uncollectibles	12,516
1190	M	Total Operating Expenses	535,980
1490	M	Total Other Taxes	61,063

1991 Calendar Year

	Armis Col K	ARMIS Col M	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		20,508	0 93450875	19,165
1060		12,516	0 93450875	11,696
1190	500,878	535,980	0 93450875	500,878
1290	65			65
1390	2,118			2,118
1490		61,063	0 93450875	57,064
1510	54,704			54,704
1520	15,350			15,350
1530	2,042			2,042
1540	14,820			14,820
1550	0			0
1910	1,564,254			1,564,254

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	552,526
Return @ 1125 x Row 1910	175,979
FIT=[(Return-Rows1510+1520+1530-1540-1550) x 35/ 65] - 1540 - 1550	51,867
Revenue Requirement = Expense + Return + FIT	780,372

Source ARMIS 43-01

Row	Column	Description	4Q92
1190	K	Total Operating Expenses	521,507
1290	K	Other Operating Income and Losses	71
1390	K	Total Non-Operating Items	2,117
1510	K	Fixed Charges	48,368
1520	K	IRS Income Adjustments	11,837
1530	K	FCC Taxable Income Adjustments	1,177
1540	K	ITC Amortization	12,827
1550	K	FCC ITC Adjustment	0
1910	K	Average Net Investment	1,567,089
1040	M	Miscellaneous Revenues	10,871
1060	M	Uncollectibles	10,968
1190	M	Total Operating Expenses	544,815
1490	M	Total Other Taxes	53,036

1992 Calendar Year

ARMIS Row	Armis Col K	ARMIS Col M	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		10,871	0.957218505	10,406
1060		10,968	0.957218505	10,499
1190	521,507	544,815	0.957218505	521,507
1290	71			71
1390	2,117			2,117
1490		53,036	0.957218505	50,767
1510	48,368			48,368
1520	11,837			11,837
1530	1,177			1,177
1540	12,827			12,827
1550	0			0
1910	1,567,089			1,567,089
				0

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	574,413
Return @ .1125 x Row 1910	176,298
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	56,159
Revenue Requirement = Expense + Return + FIT	806,869

Actual Calendar Year BFP Revenue Requirement

Source ARMIS 43-01

Row	Column	Description	4Q93
1190	K	Total Operating Expenses	580,327
1290	K	Other Operating Income and Losses	0
1390	K	Total Non-Operating Items	2,251
1510	K	Fixed Charges	46,152
1520	K	IRS Income Adjustments	11,266
1530	K	FCC Taxable Income Adjustments	1,579
1540	K	ITC Amortization	12,730
1550	K	FCC ITC Adjustment	0
1910	K	Average Net Investment	1,654,695
1040	M	Miscellaneous Revenues	10,532
1060	M	Uncollectibles	8,114
1190	M	Total Operating Expenses	599,594
1490	M	Total Other Taxes	51,463

1993 Calendar Year

	Armis Col K	ARMIS Col M	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		10,532	0.96786659	10,194
1060		8,114	0.96786659	7,853
1190	580,327	599,594	0.96786659	580,327
1290	-			0
1390	2,251			2,251
1490		51,463	0.96786659	49,809
1510	46,152			46,152
1520	11,266			11,266
1530	1,579			1,579
1540	12,730			12,730
1550	0			0
1910	1,654,695			1,654,695

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	630,047
Return @ .1125 x Row 1910	186,153
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	62,717
Revenue Requirement = Expense + Return + FIT	878,917

Source ARMIS 43-01

Row	Column	Description	4Q94
1190	K	Total Operating Expenses	702,292
1290	K	Other Operating Income and Losses	0
1390	K	Total Non-Operating Items	2,732
1510	K	Fixed Charges	46,063
1520	K	IRS Income Adjustments	14,228
1530	K	FCC Taxable Income Adjustments	1,007
1540	K	ITC Amortization	12,634
1550	K	FCC ITC Adjustment	0
1910	K	Average Net Investment	1,834,739
1040	M	Miscellaneous Revenues	12,206
1060	M	Uncollectibles	9,282
1190	M	Total Operating Expenses	722,808
1490	M	Total Other Taxes	53,204

1994 Calendar Year

	Armis Col K	ARMIS Col M	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		12,206	0.971616252	11,860
1060		9,282	0.971616252	9,019
1190	702,292	722,808	0.971616252	702,292
1290	-			0
1390	2,732			2,732
1490		53,204	0.971616252	51,694
1510	46,063			46,063
1520	14,228			14,228
1530	1,007			1,007
1540	12,634			12,634
1550	0			0
1910	1,834,739			1,834,739

Based on Total Column

Expense =+1190+1490+1060-1040-1290+1390	753,877
Return @ .1125 x Row 1910	206,408
FIT=[(Return-Rows 1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	75,106
Revenue Requirement = Expense + Return + FIT	1,035,391

Source ARMIS 43-01

Row	Column	Description	4Q95
1190	K	Total Operating Expenses	777,933
1290	K	Other Operating Income and Losses	0
1390	K	Total Non-Operating Items	546
1510	K	Fixed Charges	59,377
1520	K	IRS Income Adjustments	14,836
1530	K	FCC Taxable Income Adjustments	755
1540	K	ITC Amortization	11,700
1550	K	FCC ITC Adjustment	0
1910	K	Average Net Investment	1,995,972
1040	M	Miscellaneous Revenues	14,945
1060	M	Uncollectibles	12,203
1190	M	Total Operating Expenses	798,679
1490	M	Total Other Taxes	54,326

1995 Calendar Year

	Armis Col K	ARMIS Col M	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		14,945	0.974024608	14,557
1060		12,203	0.974024608	11,886
1190	777,933	798,679	0.974024608	777,933
1290	-			0
1390	546			546
1490		54,326	0.974024608	52,915
1510	59,377			59,377
1520	14,836			14,836
1530	755			755
1540	11,700			11,700
1550	0			0
1910	1,995,972			1,995,972

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	828,723
Return @ 1125 x Row 1910	224,547
FIT=[(Return-Rows 1510+1520+1530-1540-1550) x 35/.65] - 1540 - 1550	79,333
Revenue Requirement = Expense + Return + FIT	1,132,603

Source ARMIS 43-01

Row	Column	Description	1996
1190	K	Total Operating Expenses	858,433
1290	K	Other Operating Income and Losses	0
1390	K	Total Non-Operating Items	(2,104)
1510	K	Fixed Charges	62,382
1520	K	IRS Income Adjustments	15,698
1530	K	FCC Taxable Income Adjustments	362
1540	K	ITC Amortization	9,819
1550	K	FCC ITC Adjustment	0
1910	K	Average Net Investment	2,135,112
1040	M	Miscellaneous Revenues	16,987
1060	M	Uncollectibles	14,413
1190	M	Total Operating Expenses	880,681
1490	M	Total Other Taxes	53,894
1910		Average Net Investment	

1996 Calendar Year

	Armis Col K	ARMIS Col M	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		16,987	0.974737731	16,558
1060		14,413	0.974737731	14,049
1190	858,433	880,681	0.974737731	858,433
1290	-			0
1390	(2,104)			(2,104)
1490		53,894	0.974737731	52,533
1510	62,382			62,382
1520	15,698			15,698
1530	362			362
1540	9,819			9,819
1550	0			0
1910	2,135,112			2,135,112

Based on Total Column	
Expense =+1190+1490+1060-1040-1290+1390	906,353
Return @ 1125 x Row 1910	240,200
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	89,290
Revenue Requirement = Expense + Return + FIT	1,235,842

Actual Tariff Year BFP Revenue Requirement

Source ARMIS 43-01

Row	Column	Description	Col 1 2Q91	Col 2 3Q91	Col 3 4Q91	Col 4 1Q92	Col 5 2Q92	Tariff Year Total=Col 5+Col 3-Col 1	
1190	K	Total Operating Expenses	250,270	381,139	500,878	119,984	244,624	495,232	
1290	K	Other Operating Income and Losses	94	105	34	47	71	11	
1390	K	Total Non-Operating Items	1,044	1,561	2,118	507	1,034	2,108	
1510	K	Fixed Charges	26,417	40,629	54,704	12,560	24,185	52,472	
1520	K	IRS Income Adjustments	8,585	11,935	15,350	2,936	5,740	12,505	
1530	K	FCC Taxable Income Adjustments	606	859	2,042	443	780	2,216	
1540	K	ITC Amortization	6,961	10,598	14,820	3,035	6,096	13,955	
1550	K	FCC ITC Adjustment	0	0	0	0	0	0	
1910	K	Average Net Investment	1,555,900	1,556,335	1,564,254	1,520,997	1,530,206	1,542,948	Note 1
1040	M	Miscellaneous Revenues	14,228	16,511	20,508	3,867	6,480	12,760	
1060	M	Uncollectibles	5,922	9,424	12,516	3,462	6,504	13,098	
1190	M	Total Operating Expenses	268,121	408,671	535,980	125,899	256,077	523,936	
1490	M	Total Other Taxes	30,671	46,143	60,681	12,594	26,300	56,310	

1991 Tariff Year

	Armis Col K	ARMIS Col M Total	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		12,760	0.945214683	12,061
1060		13,098	0.945214683	12,380
1190	495,232	523,936	0.945214683	495,232
1290	11			11
1390	2,108			2,108
1490		56,310	0.945214683	53,225
1510	52,472			52,472
1520	12,505			12,505
1530	2,216			2,216
1540	13,955			13,955
1550	0			0
1910	1,542,948			1,542,948

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	550,874
Return @.1125 x Row 1910	173,582
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	51,670
Revenue Requirement = Expense + Return + FIT	776,126

Note 1: Average Net Investment is qtr. 3 + 4 + 1 +2 divided by 4

Actual Tariff Year BFP Revenue Requirement

Source ARMIS 43-01			Col 1	Col 2	Col 3	Col 4	Col 5	Tariff Year	
			2Q92	3Q92	4Q92	1Q93	2Q93	Total=Col 5+Col 3-Col 1	
Row	Column	Description							
1190	K	Total Operating Expenses	244,624	376,274	521,507	126,270	253,767	530,650	
1290	K	Other Operating Income and Losses	71	71	71	0	0	0	
1390	K	Total Non-Operating Items	1,034	1,560	2,117	537	1,059	2,142	
1510	K	Fixed Charges	24,185	36,298	48,368	10,973	23,855	48,038	
1520	K	IRS Income Adjustments	5,740	8,692	11,837	2,827	5,642	11,739	
1530	K	FCC Taxable Income Adjustments	780	913	1,177	114	1,091	1,488	
1540	K	ITC Amortization	6,096	9,209	12,827	2,989	5,916	12,647	
1550	K	FCC ITC Adjustment	0	0	0	0	0	0	
1910	K	Average Net Investment	1,530,206	1,549,738	1,567,089	1,531,716	1,531,946	1,545,122	Note 1
1040	M	Miscellaneous Revenues	6,480	8,529	10,871	3,560	5,663	10,054	
1060	M	Uncollectibles	6,504	9,504	10,968	1,721	3,810	8,274	
1190	M	Total Operating Expenses	256,077	394,051	544,815	130,711	262,912	551,650	
1490	M	Total Other Taxes	26,300	39,685	53,036	13,672	26,767	53,503	

1992 Tariff Year

	Armis Col K	ARMIS Col M Total	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		10,054	0.961932385	9,671
1060		8,274	0.961932385	7,959
1190	530,650	551,650	0.961932385	530,650
1290	0			0
1390	2,142			2,142
1490		53,503	0.961932385	51,466
1510	48,038			48,038
1520	11,739			11,739
1530	1,488			1,488
1540	12,647			12,647
1550	0			0
1910	1,545,122			1,545,122

Based on Total Column	
Expense =+1190+1490+1060-1040-1290+1390	**582,546**
Return @.1125 x Row 1910	**173,826**
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	**55,397**
Revenue Requirement = Expense + Return + FIT	**811,770**

Note 1: **Average Net Investment is qtr. 3 + 4 + 1 +2 divided by 4**

Actual Tariff Year BFP Revenue Requirement

Source ARMIS 43-01

Row	Column	Description	Col 1 2Q93	Col 2 3Q93	Col 3 4Q93	Col 4 1Q94	Col 5 2Q94	Tariff Year Total=Col 5+Col 3-Col 1	
1190	K	Total Operating Expenses	253,767	417,353	580,327	154,519	316,894	643,454	
1290	K	Other Operating Income and Losses	0	0	0	0	0	0	
1390	K	Total Non-Operating Items	1,059	1,638	2,251	624	1,323	2,515	
1510	K	Fixed Charges	23,855	34,986	46,152	10,959	22,000	44,297	
1520	K	IRS Income Adjustments	5,642	8,958	11,266	3,210	6,394	12,018	
1530	K	FCC Taxable Income Adjustments	1,091	1,292	1,579	93	155	643	
1540	K	ITC Amortization	5,916	9,029	12,730	3,107	6,181	12,995	
1550	K	FCC ITC Adjustment	0	0	0	0	0	0	
1910	K	Average Net Investment	1,531,946	1,609,675	1,654,695	1,801,070	1,809,198	1,718,660	Note 1
1040	M	Miscellaneous Revenues	5,663	7,954	10,532	3,574	6,388	11,257	
1060	M	Uncollectibles	3,810	6,029	8,114	2,253	4,401	8,705	
1190	M	Total Operating Expenses	262,912	431,711	599,594	159,169	326,246	662,928	
1490	M	Total Other Taxes	26,767	38,599	51,463	14,873	29,580	54,276	

1993 Tariff Year

	Armis Col K	ARMIS Col M Total	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		11,257	0.970624261	10,926
1060		8,705	0.970624261	8,449
1190	643,454	662,928	0.970624261	643,454
1290	0			0
1390	2,515			2,515
1490		54,276	0.970624261	52,682
1510	44,297			44,297
1520	12,018			12,018
1530	643			643
1540	12,995			12,995
1550	0			0
1910	1,718,660			1,718,660

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	696,174
Return @.1125 x Row 1910	193,349
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	67,084
Revenue Requirement = Expense + Return + FIT	956,607

Note 1: Average Net Investment is qtr. 3 + 4 + 1 +2
divided by 4

Actual Tariff Year BFP Revenue Requirement

Source ARMIS 43-01

Row	Column	Description	Col 1 2Q94	Col 2 3Q94	Col 3 4Q94	Col 4 1Q95	Col 5 2Q95	Tariff Year Total=Col 5+Col 3-Col 1	
1190	K	Total Operating Expenses	316,894	499,992	702,292	180,175	366,988	752,386	
1290	K	Other Operating Income and Losses	0	0	0	0	0	0	
1390	K	Total Non-Operating Items	1,323	1,964	2,732	651	1,228	2,637	
1510	K	Fixed Charges	22,000	33,421	46,063	13,327	29,670	53,733	
1520	K	IRS Income Adjustments	6,394	9,622	14,228	3,765	7,246	15,080	
1530	K	FCC Taxable Income Adjustments	155	781	1,007	209	415	1,267	
1540	K	ITC Amortization	6,181	9,280	12,634	2,599	5,448	11,901	
1550	K	FCC ITC Adjustment	0	0	0	0	0	0	
1910	K	Average Net Investment	1,809,198	1,812,933	1,834,739	1,929,000	1,933,286	1,877,490	Note 1
1040	M	Miscellaneous Revenues	6,388	8,826	12,206	3,888	7,370	13,188	
1060	M	Uncollectibles	4,401	6,722	9,282	2,939	5,585	10,466	
1190	M	Total Operating Expenses	326,246	514,307	722,808	184,719	376,945	773,507	
1490	M	Total Other Taxes	29,580	42,946	53,204	16,073	31,168	54,792	

1994 Tariff Year

	Armis Col K	ARMIS Col M Total	BFP Ratio Row 1190 K/1190 M	Total BFP If K=Blank Then M x BFP Ratio If K=Numeric Then K
1040		13,188	0.972694494	12,828
1060		10,466	0.972694494	10,180
1190	752,386	773,507	0.972694494	752,386
1290	0			0
1390	2,637			2,637
1490		54,792	0.972694494	53,296
1510	53,733			53,733
1520	15,080			15,080
1530	1,267			1,267
1540	11,901			11,901
1550	0			0
1910	1,877,490			1,877,490

Based on Total Column Expense =+1190+1490+1060-1040-1290+1390	805,671
Return @.1125 x Row 1910	211,218
FIT=[(Return-Rows1510+1520+1530-1540-1550) x .35/.65] - 1540 - 1550	75,292
Revenue Requirement = Expense + Return + FIT	1,092,181

Note 1: Average Net Investment is qtr. 3 + 4 + 1 +2
divided by 4